

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Bay State Gas Company))))	D.T.E. 06-36
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**ATTORNEY GENERAL'S SECOND SET OF
INFORMATION AND DOCUMENT REQUESTS**

- AG -2 -1 Please refer to Exhibit (“Exh.”) AG-1-15. “Cost allocation methodology” means the method of assigning costs to specific customer classes based on cost causation principles, *i.e.* “that cost responsibility must follow cost incurrence.”¹ See D.T.E. 98-32-B at 31; *Bay State Gas Company*, D.T.E. 02-75-A, at 5. Please respond to the original question.
- AG -2 -2 Please provide a detailed outline of Bay State Gas Company’s (“Bay State” or “Company”) CGA cost allocation methodology for allocating the cost of additional transmission capacity to serve grandfathered customers. If the Company cannot do so, explain why not?
- AG -2 -3 State the reason(s) for the Company’s omission of a cost allocation methodology from its proposal to address the risk of grandfathered overtakes.
- AG -2 -4 Please refer to Exh. AG-1-17. Under a “voluntary plan” grandfathered customers would volunteer to participate in a Company administered capacity acquisition program and they would pay for the capacity acquired by the Company on their behalf to avoid stringent penalties for under-deliveries or over-deliveries. Please respond to the original question.
- AG -2 -5 Please refer to the response to Exh. AG-1-9 and Exh. DTE-1-22. If the Company obtains Department approval of its proposal to address grandfathered overtakes, would it acquire transmission capacity under its existing long-range forecast approved in *Bay State Gas Company*, D.T.E. 02-75 (2002) or under the forecast it anticipates filing in October 2006? Please explain.

¹ For example, the Company uses cost allocation methods to develop its class specific Cost of Gas Adjustment (“CGA”) rates for recovery of capacity costs from sales customers.

- AG -2 -6 Please identify whether the Company has engaged in any negotiations regarding acquisition of transmission capacity to address the grandfathered customers.
- AG -2 -7 Please refer to the response to Exh. AG-1-9. Give a detailed account of the analysis that led the Company to decide to acquire transportation capacity for satisfaction of the total system requirements instead of a per customer basis.
- AG -2 -8 Please refer to the response to Exh. AG-1-10. Provide all CECRC calculations based on actual 2005/06 peak CGA costs and include all supporting workpapers, calculations, and assumptions.
- AG -2 -9 Please refer to the response to Exh. AG-1-19. Please provide a complete, detailed, and accurate explanation of the phrase “integration of all the [Company’s] resources.”
- AG -2 -10 Please refer to the response to Exh. AG-1-19. Please provide a complete, detailed, and accurate explanation of the phrase “all its requirements.”
- AG -2 -11 Please refer to the response to Exh. AG-1-19. Please provide a detailed account of the analysis that led the Company to decide to conclude that the integration of “all its resources to meet all its requirements . . . allows for the most effective means of planning for and procuring its resources.”
- AG -2 -12 Please refer to the response to Exh. AG-1-19. If the Department were to require the Company to implement a standalone program, what problems and issues does the Company anticipate that it might encounter? What problems and issues does the Company anticipate that its customers might encounter?
- AG -2 -13 Please refer to the response to Exh. DTE 1-13. Please state whether the risk associated with overtakes would reduce if all grandfathered customers, or those with consumption levels greater than a set level, had to use daily metering. Please provide a detailed response.
- AG -2 -14 Please refer to the response to DTE-1-13. Please state whether the risk associated with overtakes would reduce if all grandfathered customers, or those with consumption levels greater than a set level, had to use daily metering and all suppliers had to nominate for each daily metered customer on a customer specific basis. Please provide a detailed response.

DATED: July 6, 2006